

# **"LIFE INSURANCE 101"**

## **HOUSE INSURANCE COMMITTEE**

**9:00 A.M., THURSDAY, FEBRUARY 19, 2009**

**John Gerni, Regional Vice President, State Relations**  
American Council of Life Insurers  
260-625-5386, johngerni@acli.com

**Larry Kish, President & General Counsel**  
Life Insurance Association of Michigan  
517-482-7058, liam1@sbcglobal.net

**Frank Venuto, President**  
Venuto & Associates  
Michigan Counsel, ACLI  
517-484-9555, venuto.frank@acd.net

- I. INTRODUCTION (LARRY KISH – 5 MINUTES)**
- II. LIFE INSURANCE PRODUCTS (JOHN GERNI – 5 MINUTES)**
  - A. Life
  - B. Annuities
  - C. Long Term Care
  - D. Disability Income
- III. JOBS, JOBS, JOBS: LIFE INSURANCE INDUSTRY'S CONTRIBUTION TO ECONOMY (LARRY KISH – 10 MINUTES)**
  - A. Providing Jobs in Michigan and Across the Nation
  - B. Protecting Michigan Residents
  - C. Investments in Michigan's Economy
  - D. Protecting Americans and Investing in the U.S. Economy

**IV. SPECIFIC ISSUES (FRANK VENUTO – 20 MINUTES)**

- A. STOLI (Stranger Originated Life Insurance)
- B. Risk Classification
- C. Privacy and Identity Theft
- D. Suitability and Disclosure on the Sale of Annuities
- E. Consumer Protection Act
- F. Taxation
- G. Principles Based Reserves

**V. OVERSIGHT AND REGULATION OF LIFE INSURERS (LARRY KISH & JOHN GERNI – 10 MINUTES)**

- A. McCarren-Ferguson (Larry)
- B. Role of Michigan Legislature (Larry and John)
- C. Role of U.S. Departments of Treasury and Labor, FASB, SEC, FINRA & HHS (John)
- D. Role of OFIR (Larry)
- E. Role of NAIC & NCOIL (John)
- F. Role of ACLI & LIAM (John and Larry)

**VI. QUESTIONS & ANSWERS**

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## STATE FACTS

### MICHIGAN

#### PROVIDING JOBS IN MICHIGAN AND ACROSS THE NATION

- 507 life insurers are licensed to do business in Michigan and 30 are domiciled in the state.
- The life insurance industry employs about 27,000 people in Michigan. The entire insurance industry employs 55,000 people in the state.
- The life insurance industry employs about 1.2 million people nationwide. The entire insurance industry employs 2.2 million people in the U.S.

#### PROTECTING MICHIGAN RESIDENTS

- Michigan residents have \$700 billion in death benefit coverage.
- State residents own 5 million individual life insurance policies, with coverage averaging \$91,000 per policyholder.
- Group life insurance coverage amounts to \$270 billion.
- Individual life insurance coverage purchased in 2007 in Michigan totaled \$40 billion.
- \$10 billion was paid to Michigan residents in the form of death benefits, matured endowments, policy dividends, surrender values, and other payments in 2007.
- Annuity benefits paid in the state in 2007 totaled \$3 billion.

#### INVESTMENTS IN MICHIGAN'S ECONOMY

- Life insurance companies invest approximately \$110 billion of their assets in Michigan's economy.
- About \$90 billion of this investment is in stocks and bonds that help finance business development, job creation, and services in the state.
- Life insurers provide \$6 billion in mortgage loans on farm, residential, and commercial properties, and own \$220 million in real property in Michigan.

#### PROTECTING AMERICANS; INVESTING IN THE U.S. ECONOMY

- Life insurers provide benefit payments in excess of \$300 billion each year, helping families guarantee long-term financial security now and in retirement.
- The financial plans of 65 percent of American families include life insurance.
- With \$4.7 trillion invested in the U.S. economy, life insurers are one of the largest sources of investment capital in the nation.
- Life insurers are the largest source of bond financing for American corporations, including \$1.6 trillion invested in 2007.

#### ACLI IN MICHIGAN

- 280 ACLI member companies provide financial and retirement security to families.
- 90 percent of all life and annuity payments are from ACLI member companies.
- 89 percent of total life insurance coverage is provided by ACLI members.

2009

Source: ACLI calculations based on National Association of Insurance Commissioners (NAIC) 2007 annual statement data; U.S. Bureau of Economic Analysis, 2007 data; U.S. Census Bureau, 2007 data; U.S. Bureau of Labor Statistics, 2007 data; and Federal Reserve's 2006 Survey of Consumer Finances.

posted: 2/10/2009

identifier: SF09-MI

[search all posted state facts]

